

Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 02182 01 OF 02 072230Z

ACTION EB-08

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 IO-13 ISO-00 SSO-00

NSCE-00 INRE-00 USIE-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 PA-01

PRS-01 L-03 IGA-02 AGRE-00 NEA-10 OIC-02 /128 W

-----072302Z 087389 /67

O R 071359Z FEB 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 0395

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY PRETORIA

AMEMBASSY SAN JOSE

AMEMBASSY CANBERRA

AMEMBASSY CANBERRA

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIOR BY POUCH

AMEMBASSY OTTAWA

AMEMBASSY BUENOS AIRES

AMEMBASSY PORT LOUIS BY POUCH

AMEMBASSY GEORGETOWN

AMEMBASSY MOSCOW

AMEMBASSY GUATELAMA

AMEMBASSY TOKYO

AMEMBASSY SAN SALVADOR

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 02182 01 OF 02 072230Z

AMEMBASSY SUVA BY POUCH

AMEMBASSY MANILA

AMEMBASSY PORT OF SPAIN

AMEMBASSY KINGSTON

AMEMBASSY MBABANE BY POUCH

AMEMBASSY SANTO DOMINGO

AMEMBASSY MEXICO

LIMITED OFFICIAL USE SECTION 1 OF 2 LONDON 2182

FOR EB/TRP -- MR PILKAUSKAS

E O 11652: N/A

TAGS: EPAP

SUBJECT: SUGAR -- FIRST MEETING OF THE PREPARATORY
COMMITTEE (PREP COM) FOR NEW SUGAR AGREEMENT

1) SUMMARY: FIRST MEETING OF THE PREPARATORY COMMITTEE FOR A NEW INTERNATIONAL SUGAR AGREEMENT (ISA) WAS HELD JAN 31 - FEB 3. PURPOSE OF MEETING WAS TO ASSIST THE EXECUTIVE DIRECTOR IN PREPARING A DRAFT ISA TO BE USED AS A BASIS FOR DISCUSSION AT THE NEGOTIATING CONFERENCE UNDER UNCTAD AUSPICES, THIS APRIL, IN GENEVA. AN ARTICLE - BY-ARTICLE REVIEW OF SECRETARIAT DOCUMENT PREP. C/1 WAS CONDUCTED. THIS SERVED THE PURPOSE OF DEFINING BROAD POSITIONS ON KEY ISSUES: BUT IT MEANT THE MEETING WAS USED FOR STAKING OUT STARTING POINTS RATHER THAN FOR EXPLORING FOR AREAS OF CONSENSUS. ARTICLE 43, 45, 49 AND 50 OF PREP. C/1 WERE NOT CONSIDERED BY THE PREP COM SINCE IT WAS DEEMED THAT NO USEFUL PURPOSE COULD BE SERVED BY SCREENING THESE PRIOR TO NEGOTIATION. WE ANTICIPATE THAT THE EXECUTIVE DIRECTOR WILL FORWARD A REVISED PREP. C/1 TO UNCTAD MUCH LIKE THE ORIGINAL BUT WITH MINOR EDITING (E G ELIMINATION OF SUBSTANTIVE FOOTNOTES), EXTENSIVE "SQUARE BRACKETING" TO INDICATE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 02182 01 OF 02 072230Z

PARTICULARLY CONTENTIOUS POINTS, AND EFFORTS TO TAKE SOME ACCOUNT OF LATER SUGGESTIONS (E.G. PREP. C/2 SUBMITTED BY MAURITIUS). THE CANADIAN DELEGATE IN A FINAL STATEMENT EMPHASIZED THE IMPORTANCE OF THE U.S. APPROACH TO ANY FUTURE ISA AND EXPRESSED CANADA'S WILLINGNESS TO HAVE THE PREP COM MEET AGAIN SHOULD THE U.S. HAVE ANY PROPOSALS IT WOULD WISH TO DISCUSS PRIOR TO GENEVA. END SUMMARY.

2. THE FIRST AND PERHAPS ONLY PREP COM MEETING PRIOR TO GENEVA WAS A USEFUL EXERCISE IN THAT IT SERVED TO DEFINE BROAD POSITIONS, AND PROVIDED AN OPPORTUNITY FOR INTRODUCTION OF SOME NEW IDEAS. BASICALLY, HOWEVER THE PREP COM WAS USED FOR REAFFIRMATION OF VIEWS EXPRESSED BY DELEGATIONS OVER THE PAST TWO YEARS. THERE WAS NO INDICATION OF BUDGET IN POSITIONS PREVIOUSLY STAKED OUT BY MAJOR PARTICIPANTS. MAJOR ISSUES WERE:

3. STOCKAGE VS QUOTE A SYSTEM. THERE WAS NO DISCERNIBLE

SHIFT FROM THE OVERWHELMING PREFERENCE FOR A SYSTEM BASED ON QUOTAS RATHER THAN ON A SYSTEM BASED UPON THE BUFFER STOCK PRINCIPLE. THE EEC, LIKE THE U.S. A PARTICIPATING NON-ISO MEMBER IN THE PREP COM, RE-STATED (BUT DID NOT ELABORATE ON) ITS SUPPORT FOR A SYSTEM BASED EXCLUSIVELY ON STOCKS. EEC REP EATON SERVED NOTICE THAT THE EEC "RESERVED RIGHT" TO INTRODUCE ITS PROPOSAL AT GENEVA. HE SAID THE EEC HOPED TO HAVE A DETAILED PAPER FOR CIRCULATION IN ABOUT SIX WEEKS. HIS INTERVENTIONS, INFREQUENT AND USUALLY RESTRAINED, SEEMED TO BE DESIGNED TO INDICATE THAT NO ONE SHOULD BE UNDER ANY ILLUSIONS CONCERNING AN ACTIVE ROLE FOR THE EEC AT GENEVA, NOR SHOULD A SIGNIFICANT SHIFT FROM "STOCKAGE" BE EXPECTED. EATON MADE NO EFFORT TO BRIDGE THE GAP BETWEEN THE EEC AND THE OTHERS. THE AUSTRALIAN "NON-PAPER" SUGGESTING A WAY FOR COMBINING A BUFFER STOCK OPERATION WITH A QUOTA SYSTEM WAS NOT SUBMITTED BY AUSTRALIA. AUSTRALIA'S ONLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 LONDON 02182 01 OF 02 072230Z

REFERENCE TO THE PAPER -- AND THAT A THOROUGHLY INDIRECT ONE -- WAS AN EXPRESSED OF IRRITATION AT THE EEC'S LACK OF INTEREST IN "BRIDGE BUILDING". DURING THE SAME INTERVENTION, AUSTRALIA RE-AFFIRMED ITS SUPPORT OF A QUOTA-TYPE AGREEMENT.

4. MAURITIUS CLAIMED IT HAD RELUCTANTLY ABANDONED ITS OWN PROPOSAL FOR AN "INTERVENTION STOCK", BUT IT INTRODUCED A NEW PROPOSAL WHICH SEEMED AT LEAST TO LEAVE THE RAMPARTS IN PLACE. THIS (PREP. C/2) FOCUSED ON THE PROBLEM OF FINANCING SUGAR PLACED IN STOCK AS A RESULT OF QUOTA CUTS. IT WAS RECEIVED WITH INTEREST BUT WITHOUT COMMITMENT.

5. OBJECTIVES. THE MEETING SPUN WHEELS IN DISCUSSING THE PREP. C/1 TEXT ON OBJECTIVES (ARTICLE 1). REFERENCES TO UNCTAD, "REAL INCOME", ETC. GAVE IMPORTERS, PARTICULARLY SERIOUS PROBLEMS AND OPENED WAY FOR POLEMICS WHICH THREATENED TO BOG DOWN MEETING BEFORE IT GOT STARTED. THE UGANDAN REP, TO SURPRISE OF MANY, SUGGESTED DELETION OF REFERENCE TO UNCTAD AS A WAY OUT. THE EXECUTIVE DIRECTOR DECIDED BOTH THE PREP. C/1 AND THE 1968 AGREEMENT TEXT SHOULD BE SENT TO UNCTAD, WITH BOTH IN BRACKETS.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 LONDON 02182 02 OF 02 072243Z

ACTION EB-08

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 IO-13 ISO-00 NEA-10

SSO-00 NSCE-00 INRE-00 USIE-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-01 PRS-01 L-03 IGA-02 AGRE-00 OIC-02 /128 W

-----072305Z 087527 /67

O R 071359Z FEB 77

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 0396

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY STOCKHOLM

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY PRETORIA

AMEMBASSY SAN JOSE

AMEMBASSY CANBERRA

AMEMBASSY CANBERRA

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIOR BY POUCH

AMEMBASSY OTTAWA

AMEMBASSY BUENOS AIRES

AMEMBASSY PORT LOUIS BY POUCH

AMEMBASSY GEORGETOWN

AMEMBASSY MOSCOW

AMEMBASSY GUATELAMA

AMEMBASSY TOKYO

AMEMBASSY SAN SALVADOR

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 02182 02 OF 02 072243Z

AMEMBASSY SUVA BY POUCH

AMEMBASSY MANILA

AMEMBASSY PORT OF SPAIN

AMEMBASSY KINGSTON

AMEMBASSY MBABANE BY POUCH

AMEMBASSY SANTO DOMINGO

AMEMBASSY MEXICO

LIMITED OFFICIAL USE SECTION 2 OF 2 LONDON 2182

6. FLEXIBLE QUOTAS. CANADA, WITH SOME SUPPORT FROM JAPAN, INTERVENED FREQUENTLY IN FAVOR OF A FLEXIBLE, QUOTA- TYPE AGREEMENT, EMPHASIZING ITS BELIEF THAT AN AGREEMENT WITH REALISTIC QUOTAS AND EFFECTIVE SHORTFALL REDISTRIBUTION WAS ESSENTIAL IN ANY FUTURE AGREEMENT AS A MINIMUM SAFEGUARD FOR CONSUMERS. CANADA IS PARTICULARLY INTERESTED IN A SYSTEM WHICH WOULD CALCULATE QUOTAS ON A BASIS OF PERFORMANCE AND STOCKHOLDING. PRODUCER REACTION TO PRACTICALLY ALL OF CANADA'S INTERVENTIONS WAS NEGATIVE AND CONSERVATIVE (I.E. CLOSELY PATTERNED ON 1968 ISA AND 1973 NEGOTIATING EXPERIENCE). ON QUOTAS, BRAZIL, WHICH OTHERWISE PLAYED A LEADING ROLE AS PRODUCER SPOESMAN, DIFFERED WITH OTHERS TO GUARDEDLY ENDORSE SOME SORT OF FLEXIBILITY IN DETERMINING QUOTAS.

7. SPECIAL ARRANGEMENTS. AUSTRALIA WAS SOUNDLY REBUFFED BY OTHER PRODUCERS FOR SUGGESTING ARTICLE 26 MIGHT BE REDRAFTED TO MAKE THE NEW AGREEMENT RELATE TO THE "TOTAL WORLD MARKET" -- " WITH A NUMBER OF CONSEQUENTIAL CHANGES" FOR FOLLOWING ARTICLES. THIS WAS AN EFFORT TO FOCUS ATTENTION IN LESSENING THE TRADITIONAL ROLE OF SPECIAL ARRANGEMENTS. CUBA SAID DOWNPLAYING SPECIAL ARRANGEMENTS WAS NON-NEGOTIABLE THE BRAZILIAN REP (RAFFAELLI) REFERRED TO "NEW ARRANGEMENTS" WHOSE SHAPE IT MIGHT BE IMPOSSIBLE TO FORESEE -- THEN SAID, " OF LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 02182 02 OF 02 072243Z

COURSE I MEAN A NEW U.S. SUGAR ACT ."

8. MEMBERSHIP: ARTICLE 48 CONCERNING IMPORTS FROM NON-MEMBERS RESULTED IN AN EXCHANGE BETWEEN BRAZIL AND JAPAN OVER THE SPECIAL PROBLEM PRESENTED BY TAIWAN. BRAZIL WISHED TO TIGHTEN UP THE ARTICLE. WITHOUT MENTIONING TAIWAN BY NAME, JAPAN SERVED NOTICE THAT IT HAD A SPECIAL PROBLEM WHICH HAD TO BE TAKEN ACCOUNT OF, PERHAPS ALONG LINES OF PARA (4). BRAZIL HAD SUGGESTED DELETING THIS PARA. USREP NOTED THAT BRAZIL'S IDEAS WOULD HAVE TO BE LOOKED AT CAREFULLY AT GENEVA, AS WOULD INDEED THOSE CONCERNS SUGGESTED BY JAPAN RELATING TO PARA (4). THE EXECUTIVE DIRECTOR SEEMED INCLINED TO LET THE WHOLE MATTER GO TO GENEVA FOR RESOLUTION THERE. ALSO RELATING TO MEMBERSHIP, THE USSR SUGGESTED THAT THE "MORE PROGRESSIVE" FORMULATION USED IN THE COCOA AGREEMENT BE USED IN ARTICLE 67 AND 72.

9. COMMENT: (A) GENERAL. ON SURFACE, MEETING WAS DISCOURAGING SINCE IT SEEMED TO SUGGEST A HARDENING OF POSITIONS ON THE EVE OF GENEVA RATHER THAN ANY TENTATIVE MOVES TOWARDS RECONCILIATION. THE EEC SHOWED NO INTEREST IN "BRIDGE BUILDING". CANADIAN/JAPANESE PROPOSALS MADE NO SECRET OF THEIR BELIEF THAT THE MAJOR, UNDERLYING ISSUE WAS UNCERTAINTY ABOUT WHAT THE U.S. WOULD OR WOULD NOT DO AND WHETHER THE EEC WOULD REALLY FIND ITSELF ABLE TO NEGOTIATE IN ANY MEANINGFUL MANNER.

(B) THE U.S. ROLE. THE POSSIBILITY OF A NEW U.S. SUGAR ACT WAS UPPERMOST IN EVERYONE'S MIND. MANY PRODUCERS APPEAR TO RATE POTENTIAL BENEFITS FROM A NEW ACT HIGHER THAN THOSE IN PROSPECT FROM AN ISA. THIS WAS BRAZIL'S MESSAGE IN SPEAKING IN FAVOR OF THE "SPECIAL ARRANGEMENTS" PROVISIONS. NEVERTHELESS, THE USDEL'S POSITION THROUGHOUT THE MEETING, OF COURSE, WAS DELIBERATELY LOW KEY ON THIS AND OTHER ISSUES, CONFINED TO ASKING AN OCCASIONAL QUESTION ABOUT PREP. C/1 AND COMMENTING ON LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 LONDON 02182 02 OF 02 072243Z

GENERAL PRINCIPLES. AT THE BEGINNING OF THE MEETING, THE USDEL REAFFIRMED U.S. INTENTION TO PARTICIPATE ACTIVELY IN THE NEGOTIATING CONFERENCE. REFERRING TO THE USDA TASK FORCE ON SUGAR AND SWEETENERS, THE USREP SAID THE TASK FORCE UNDOUBTEDLY WOULD CONTRIBUTE TO THE PROCESS OF DEVELOPING SOUND U.S. POSITIONS, AND SHOULD IN NO WAY BE INTERPRETED AS U.S. DISINTEREST IN ISA NEGOTIATION. CANADA, IN A DETAILED SUMMATION OF ITS POSITION (MCCONNELL AND SHAW HAVE COMPLETE NOTES) LISTED THE U.S. ROLE IN ANY FUTURE SUGAR ARRANGEMENT AS THE FIRST AND OBVIOUSLY MOST IMPORTANT MATTER IN CANADA'S VIEW. CANADA EMPHASIZED THE NEED TO KNOW THE U.S. POSITION AS SOON AS POSSIBLE. IT PLACED OTHERS ON NOTICE THAT IF THE U.S. DID NOT ENTER A FUTURE ISA BUT REMAINED IN THE FREE MARKET, CANADA WOULD HAVE TO CONSIDER SERIOUSLY ITS OWN POSITION REGARDING JOINING THE NEW AGREEMENT. CANADA EXPRESSED READINESS TO ATTEND A SECOND MEETING OF THE PREP COM TO HEAR U.S. VIEWS SHOULD WE HAVE RECOMMENDATIONS TO PUT FORWARDED PRIOR TO GENEVA

(C) THE EEC. REGARDING THE EEC POSITION, IN INFORMAL TALKS WITH EATON WE HAD THE IMPRESSION THAT AT THE WORKING LEVEL, AT LEAST, THERE IS SOME "GIVE" ON THE PART OF THE COMMUNITY IN AN EFFORT TO DEVELOP MORE FLEXIBILITY IN ITS POSITION. IN THIS CONNECTION, THINK IT WOULD BE USEFUL IF PILKAUSKAS OF EB/TRP COULD PLAN TO VISIT BRUSSELS FOLLOWING THE FAO TEA MEETINGS LATER THIS MONTH, FOR INFORMAL EXPLORATIONS WITH EATON AND OTHER MEMBERS OF THE EEC SECRETARIAT. ARMSTRONG

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, COMMITTEE MEETINGS, AGRICULTURAL AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LONDON02182
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770043-0920
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770267/aaaachev.tel
Line Count: 330
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d40ad9ca-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 15-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3392672
Secure: OPEN
Status: NATIVE
Subject: SUGAR -- FIRST MEETING OF THE PREPARATORY COMMITTEE (PREP COM) FOR NEW SUGAR AGREEMENT 1) SUMMARY: FIRST MEETING OF THE PREPARATORY COMMI
TAGS: EPAP, UK
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/d40ad9ca-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009